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FILE ONLY

US - IRAN CONTRAS ROUNDUP

BY ~~ROBERT PARRY~~

WASHINGTON

The Central Intelligence Agency said today it properly handled money from the Iran arms sales, denying published reports that it received profits that were then passed on to Nicaraguan rebels.

The disputed CIA role emerged as Vice Adm. John Poindexter invoked his Fifth Amendment right against self-incrimination and refused to answer questions about the Iran arms sales before the Senate Intelligence Committee.

CIA spokesman George Lauder denied an account published in The Washington Post and confirmed by a U.S. government source today that the CIA co-mingled profits from the Iran sales in the same account with funds for other covert operations.

"The only funds related to the Iran program that passed through agency hands were the \$12 million owed to the Pentagon for the arms," Lauder said. "The funds received from the Iranians were segregated and passed on to the Pentagon properly after receipt." Lauder added that "CIA received no profits from any transaction with the Iranians, nor were any funds that passed through agency hands diverted to the Contras or any other covert action program." The Post said congressional investigators had traced profits from the covert sale of U.S. arms to Iran to a Swiss bank account managed by the CIA that also contained U.S. and Saudi funds for Afghan rebels. The Post said money from the account was used to buy arms for U.S.-backed Contra rebels.

A well-placed government source confirmed the substance of the report today and said the allegation "will be the subject of the investigation of the special prosecutor" as well as congressional inquiries.

Presidential spokesman Larry Speakes said he had no knowledge of the reported Swiss account.

"I don't know anything about it, got no way of knowing anything about it," he told reporters.

At the time of the diversions earlier this year, the U.S. government and specifically the CIA were barred from giving military aid to the Contras.

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The use of a CIA account would conflict with Attorney General Edwin Meese III's statement Nov. 25 that the Swiss account was controlled by the Contras, an assertion denied by guerrilla leaders.

The source said the CIA's explanation of why it would mix funds for various covert operations was unclear and added that money from Saudi Arabia for the Afghan rebels went through the same account. Meese said the Iranian arm sales profits amounted to \$10 million to \$30 million.

Other sources, on Capitol Hill, said the aid to the Afghan rebels had been secretly authorized by Congress.

The disclosure about the Swiss account "opens up a whole new can of worms on the co-mingling of Saudi, Iran and U.S. funds," the source said.

The source described the CIA's Swiss account as the spy agency's largest, handling \$250 million in CIA aid to the Afghan rebels fighting Soviet troops in Afghanistan, and an equal amount in Saudi money for the Afghans.

"There would be no (CIA) account with more money in it," the source said.

The New York Times, quoting administration officials, reported today that not all of the money from the account went to the Nicaraguan rebels and that some may have been diverted to anti-communist insurgents in other countries, including Afghanistan and Angola.

Amid continuing calls for an administration housecleaning, Republicans and Democrats alike praised Reagan Tuesday for calling for the appointment of an independent counsel and for naming Frank Carlucci, onetime deputy director of the CIA and deputy secretary of defense, as his national security adviser.

An independent counsel _ to be named by a three-judge court under a law that grew out of the Watergate scandal _ will trace the secret sale of American weapons to Iran and the diversion of profits to the Contras.

On Capitol Hill, the chairmen of two House Judiciary subcommittees today called on Meese to publicly release his application for a special prosecutor so that the scope of the White House-requested investigation could be known.

Rep. John Conyers, D-Mich., chairman of the subcommittee on criminal justice, and Rep. Don Edwards, D-Calif., chairman of the subcommittee on civil and constitutional rights, said they were concerned that the probe might be limited in scope to only the Iran arms sale and not include what they described as a widening web of possible illegal activities in Central America and elsewhere.

In a nationally broadcast address, Reagan vowed, "If illegal acts were undertaken, those who did so will be brought to justice. If actions in implementing my policy were taken without my authorization, knowledge or concurrence, this would be exposed and appropriate corrective steps will be implemented." Operating in complete secrecy, an independent counsel enjoys the legal powers of the attorney general himself when it comes to decisions over convening grand juries, applying for grants of immunity for witnesses, and appealing court decisions. The jurisdiction of the counsel's probe is determined by the three-judge panel.

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In related matters:

Congressional sources who demanded anonymity said the Senate Intelligence Committee is subpoenaing Vice Adm. John Poindexter, who resigned as Reagan's national security adviser at the same time his aide, Lt. Col. Oliver North, was ousted. The vote to subpoena came after Poindexter spent less than 20 minutes behind closed doors with the committee Tuesday.

Members of the intelligence committee said some consideration was being given to granting North immunity for prosecution in return for his testimony. Sen. Daniel Patrick Moynihan, D-N.Y., said North had used his Fifth Amendment right against self-incrimination more than 50 times when he appeared before the committee Monday.

But Sen. William Cohen, R-Maine, asked if immunity was being considered, answered, "not seriously at this point." Moynihan, asked if North was seeking immunity, said, "Those things are discussed." But if North is granted immunity to testify before the Senate panel, Moynihan said, "it wouldn't impede other investigations." Sen. Ernest Hollings, D-S.C., said today he would oppose granting immunity to North because others higher up also would expect it.

"I don't want to catch them, I want them to catch themselves and give us a merry Christmas in this country," Hollings, a member of the Intelligence Committee said on NBC-TV's "Today" show.

North told CBS today that he would have advised the president to call for appointment of an independent counsel.

"I certainly would have recommended it because I think this needs to get behind us for the good of the nation," North said.

Reagan met for the second straight day with Republican congressional leaders and was warned that the controversy is far from over and could have an impact on the GOP.

"We said there are going to be more and more stories, every day there will be something new," said Senate Majority Leader Bob Dole, R-Kan. "Some other player will be involved, somebody the president never even heard of. ..." The majority leader said conversations were underway on Capitol Hill on whether an investigating committee could be set up informally and begin hiring staff and be ready to go to work when the 100th Congress convenes in January. He said a decision was expected by the end of the day.

Reagan told a midday audience he hoped the Iran-Contra controversy would not undercut support for the Nicaraguan rebels.

"We cannot let recent events distract us from the cause of those brave fighters for freedom around the world," he said. "Nothing that has happened makes those causes any less just or vital to our country and all that it stands for." [TEXT OMITTED FROM SOURCE].